

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-08 JUSE-00 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 AF-10 ARA-10 EA-10 NEA-10 /166 W
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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 8198

INFO USMISSION GENEVA

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USEEC

GENEVA FOR MTN

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: GREATER-THAN-FORMULA U.S. TARIFF OFFERS AND THE
EC

REF: STATE 191833

1. WE HAVE LITTLE ADVICE TO TENDER ON THE ISSUES RAISED
IN REFTEL BEYOND REAFFIRMING WHAT STRIKES US AS FAIRLY
OBVIOUS.
2. FIRST, WHILE THE GENEVA FRAMEWORK OF AGREEMENT IS AM-
BIGUOUS, WE SHOULD CONTINUE TO INSIST THAT IT MEANS PER-
CENTAGE CUTS GREATER THAN THOSE ACHIEVED IN THE KENNEDY-
ROUND, I.E., AT LEAST 35 PERCENT.
3. SECOND, WE SHOULD, I AM CERTAIN, AVOID FAIRLY SWEEPING

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PROPOSALS SUCH AS THE POSSIBLE COMPROMISE MENTIONED IN
PARA 8 OF REFTEL, TO SAY NOTHING OF THE MEAT-AX APPROACH
DISCUSSED IN PARA 4 REFTEL. RATHER WE SHOULD CONSIDER A
HIGHLY SELECTIVE CONTINGENT WITHDRAWAL APPROACH AFTER
FURTHER ANALYSIS OF WHERE REAL EC INTERESTS LIE. IN SHORT,
WE SHOULD NEGOTIATE WITH A MINIMUM OF PRECONCEPTIONS. TO
THIS END THE PROPOSED DENMAN-MCDONALD TARIFF DISCUSSIONS

IN EARLY SEPTEMBER SHOULD BE AN EFFORT AT FURTHER INVESTIGATING THE LAY OF THE LAND. WHILE THE EC POSITION TAKEN AT ITS FACE VALUE IS INDEED EXTREMELY DETRIMENTAL TO OUR NEGOTIATING INTERESTS, IT WOULD BE A MAJOR MISTAKE TO TAKE THE EC POSITION AT FACE VALUE. IT IS A DOCTRINAL POSITION, UNFORTUNATELY BUILT INTO THE COMMISSION'S MANDATE FROM THE COUNCIL, BUT WIDELY RECOGNIZED AS A NEGOTIATING TOOL OF USE ONLY UP TO THE PERIOD OF REAL NEGOTIATIONS. FOR EXAMPLE, DAVIGNON RECENTLY TOLD THE AMBASSADOR THAT THE COMMUNITY KNOWS PARTS OF THE U.S. OVER-FORMULA OFFER ARE VALUABLE AND THAT THE COMMISSION IS DOING AN ANALYSIS TO BE USED IN THE NEGOTIATIONS AND, IF ALL GOES WELL, WITH THE COUNCIL.

4. THIRD, IT MIGHT BE HELPFUL WERE MCDONALD AND FRAU STEEG AND THEIR RESPECTIVE EXPERTS TO HAVE A SERIOUS DISCUSSION OF POSSIBLE OUTCOMES. IN ADDITION, ONCE THE UK ELECTIONS ARE OUT OF THE WAY, IF THEY IN FACT HAVE OCTOBER ELECTIONS, TOP LEVEL PRESSURE IN LONDON, FOR EXAMPLE, STRAUSS BEARING A PRESIDENTIAL LETTER, MIGHT BE USEFUL. THE MOVE AWAY FROM LIBERAL TRADE POLICIES IN THE UK HAS BEEN AN UNUSUAL -- BY PREVIOUS HISTORICAL STANDARDS -- COMPLICATION IN TOKYO-ROUND NEGOTIATIONS. EVEN DELL COULD PROVE IN A POST-ELECTION PERIOD TO HAVE A SOMEWHAT MORE LIBERAL APPROACH.

5. FINALLY, WE SHOULD KEEP OUR NERVE, BEARING IN MIND THAT LIMITED OFFICIAL USE

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THE FINAL BALANCE IS UNLIKELY TO BE STRUCK UNTIL THE LAST WEEK OF NEGOTIATIONS. WE ARE FAIRLY CERTAIN THAT PREMATURE PULLBACKS ON THE US SIDE WOULD ALMOST INEVITABLY SOLIDIFY CONDITIONAL WITHDRAWALS ON THE EC SIDE. THUS, UNTIL THE CONCLUDING HOURS OUR VOTE WOULD BE FOR A STRATEGY OF EXPLORING HYPOTHETICAL SELECTIVE WITHDRAWALS NOT FOR PULLING BACK IN ANY HARD FASHION OUR GREATER-THAN-FORMULA OFFERS. HINTON

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